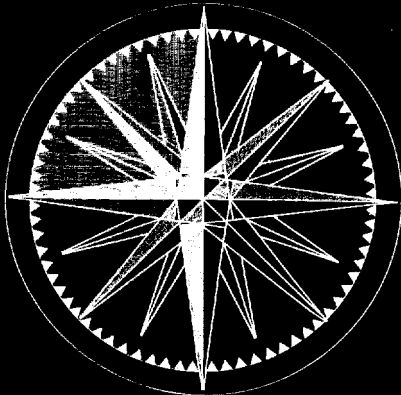


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WEEKLY SUMMARY

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DIA review
completed.

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(Information as of noon EDT, 19 May 1966)

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The Ky government's swiftly executed military operation to reassert control over Da Nang has opened up a new period of unrest which may culminate in an all-out showdown with South Vietnam's Buddhist hierarchy and its sympathizers. Except for units involved in the antigovernment "struggle" movement, however, South Vietnamese forces and their allies maintained steady pressure on Communist forces last week. Peking's protests over alleged recent US air intrusion into Chinese territory follow the pattern set in its declarations on earlier such incidents and do not suggest plans for any immediate or major act of retaliation.	

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Last week's council meeting achieved agreement "in principle" on several issues, including that of financing community agriculture which had led to the French walkout last July. Final approval of the agreements, however, seems to hinge on the outcome of imminent meetings to work out, among other matters, an EEC position for the Kennedy Round negotiations.

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Such a move would probably drive weak interim President
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Reacting to Juan Bosch's threat to pull out of the race
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Garcia Godoy has announced new measures to ensure a
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Far East

VIETNAM

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The Ky government's swiftly executed military operation to reassert control over Da Nang has opened up a new period of unrest which may culminate in an all-out showdown with the Buddhist hierarchy and its sympathizers. Without forewarning the US, the Saigon government early on 15 May airlifted a battalion of Vietnamese marines to the troubled city and secured the I Corps headquarters and other key points.

The government claimed to be acting in response to a call for support from elements of a Ranger battalion in Da Nang which had turned against the "struggle" movement. A total of five loyal battalions have been moved into the Da Nang area, possibly for use against other cities in antigovernment hands. Saigon officials appear determined to achieve a final solution to the problems of defiance in I Corps and pressure from Buddhist "extremists."

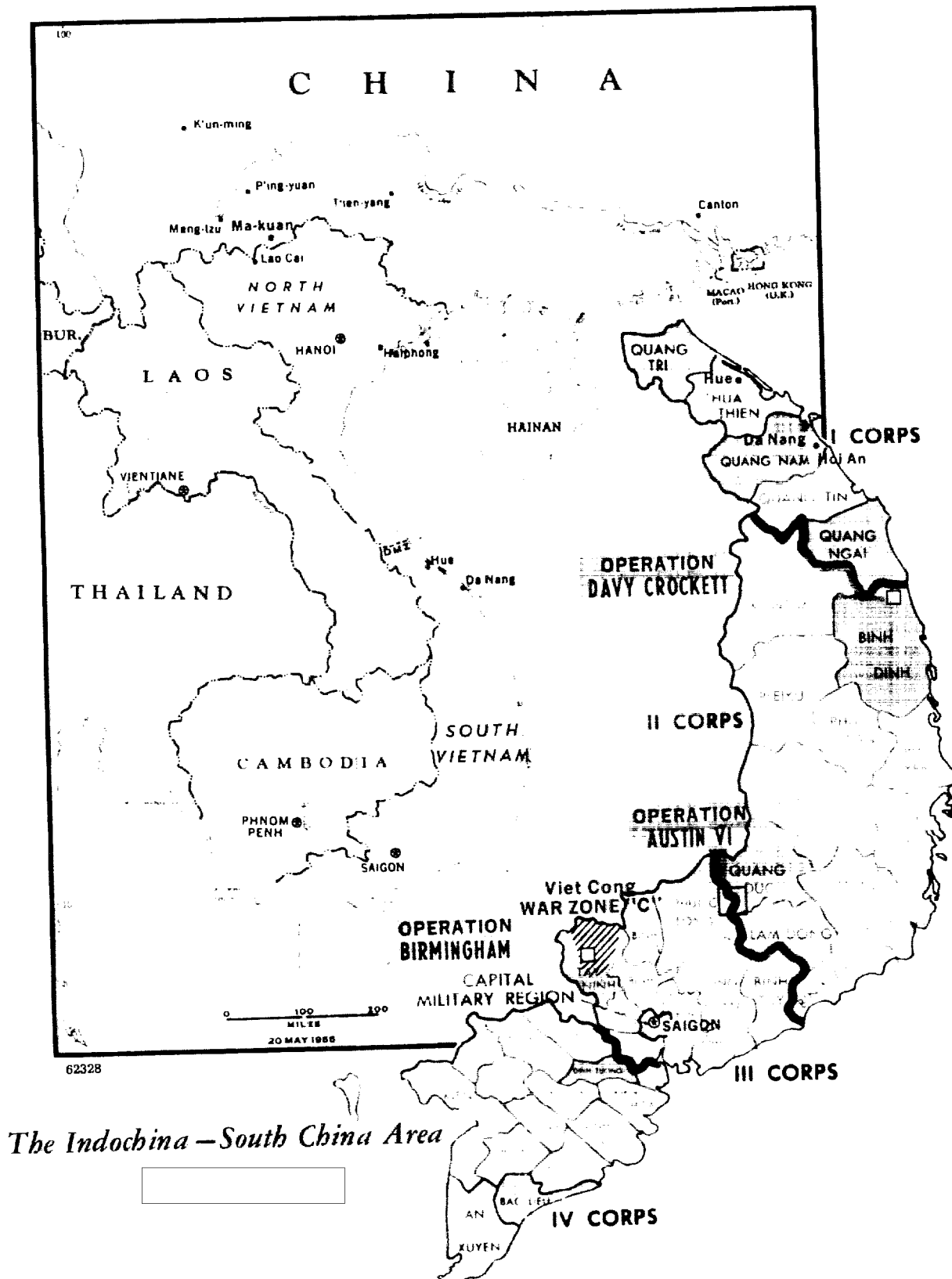
The Buddhists' first reaction of injured innocence and restraint, coupled with appeals for US support, is hardening into threats of armed resistance. In Saigon, acting chairman of the Buddhist Institute Thich Thien Minh has declared that the Buddhists have lost confidence in the Ky government

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In Hue, the pro-"struggle" radio station has broadcast a series of provocative accusations concerning government plans to attack Hue, and a general strike was in effect on 18 May. Buddhist monk Tri Quang is operating a virtual command post from Hue's main pagoda. At first he apparently cautioned restraint, but now he appears to be moving toward implacable opposition. The shift stems in part from two incidents of local violence and a growing conviction that the US is supporting the government in a planned crackdown on the Buddhists.

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The Indochina-South China Area

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General Dinh, relieved as commander of I Corps after denouncing the government move on Da Nang, is currently in Hue where he appears to have cast his lot with the antigovernment forces, including the 1st Division commander General Nhuan. The new I Corps commander, General Huynh Van Cao, was snubbed by Nhuan on a trip to Hue on 17 May but so far appears to be maintaining the loyalty of 2nd Division commander General Lam in Quang Ngai Province.

There are already indications that Cao's position is shaky and that he is under strong pressure from hotheads in Saigon--notably the new National Police Director and concurrent Military Security Service chief Colonel Loan--to proceed with a drastic crackdown on dissidents.

Encounters With Chinese Aircraft

Since 1 May there have been two--and possibly three--encounters between US and Chinese Communist aircraft near the Sino-Vietnamese border.

On 8 May at least one and possibly two Chinese MIGs made an unsuccessful attack on US aircraft that had just completed a strike against a bridge in North Vietnam. US pilots reported they were clearly over North Vietnam when the incident occurred.

Four days later, on 12 May, the Chinese sent up fighters to attack a group of four US planes which the Chinese claim violated

their airspace near the town of Ma-kuan. One MIG-17 was shot down in the resulting engagement by an air-to-air missile.

Peking's protests over the 12 May incident followed the pattern set by its declarations following earlier incidents involving US air intrusions over China. The Chinese again warned that US air attacks on targets in China could result in a war with "no boundaries" in which Peking's ground forces would be committed. Their reaction, however, does not indicate plans for any immediate or major act of retaliation.

In a move apparently designed to keep the incident in the news, score propaganda points, and generate deterrent political pressure in the US, Peking newspapers on 18 May published photographs of US-made auxiliary fuel tanks and fragments of air-to-air missiles allegedly picked up near the scene of the 12 May engagement.

Military Activity in South Vietnam

Viet Cong military activity during the past week was highlighted by a battalion-size attack against two outposts near the Demilitarized Zone on 19 May, apparently in commemoration of Ho Chi Minh's 76th birthday. Battalion-strength Communist forces also engaged South Vietnamese troops in a major battle in Binh Long Province on 17-18 May. Friendly casualties in both actions were heavy.

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The heaviest fighting of the week occurred in the Mekong Delta provinces of An Xuyen, Bac Lieu, and Dinh Tuong. In An Xuyen, Vietnam's southernmost province, a government multibattalion task force engaged an estimated Viet Cong battalion on 14 May, killing 247 enemy troops and sustaining light casualties. The government operation was initiated after US and Vietnamese coastal surveillance forces had destroyed a Communist gun-running trawler off An Xuyen's southeastern shore on 10 May and salvaged more than 14 tons of war materiel.

In Bac Lieu Province, two Vietnamese Regional Forces companies, later reinforced by a South Vietnamese Ranger battalion, killed 143 members of an estimated two-company Viet Cong force during a local security operation near the provincial capital on 17-18 May. In Dinh Tuong Province, a major search-and-destroy operation on 12-13 May resulted in enemy losses of 92 killed and 22 captured.

The Communists also suffered substantial losses of men and equipment as a result of three long-term allied search-and-destroy operations terminated on 16 and 17 May. In Operation DAVY CROCKETT in Binh Dinh Province, 374 Communists were killed, 82 were captured, and significant

amounts of weapons, ammunition, and rice were seized. In Operation BIRMINGHAM, targeted against Viet Cong War Zone "C" in Tay Ninh Province, enemy losses were 119 killed and 28 captured, 66 base camps destroyed, and vast quantities of weapons, clothing, medicine, food, and POL seized or destroyed. In the area where Phuoc Long, Quang Duc, and Lam Dong provinces converge Operation AUSTIN VI resulted in 101 Viet Cong or North Vietnamese troops killed. Total friendly casualties in the three operations were 110 killed (92 US) and 513 wounded (448 US).

Communist Propaganda

Vietnamese Communist propaganda is attempting to link the rebels in I Corps with the Viet Cong struggle. The Liberation Radio on 16 May praised the "compatriots" in Hue and Da Nang and asserted that the Liberation Front and its armed forces "will readily serve as support for them."

The current stream of Communist propaganda is also making an effort to entice the South Vietnamese military forces into the camp of the Liberation Front. Liberation Radio on 17 May announced offers of leniency for deserters and rewards for those who join the Viet Cong.

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NEW TENSIONS IN LAOTIAN ARMED FORCES

A new period of heightened tension within the Laotian military establishment appears to have begun.

The current uneasiness was precipitated on 11 May by an effort on the part of the general staff in Vientiane to replace General Ma as commander of the air force. Members of the general staff have long resented Ma's independence and growing power, and his removal has been under active consideration since late April.



A compromise "solution" was reached on 12 May under which Ma will continue to command the air force, although with reduced powers. Ma's headquarters will be moved from Savannakhet to Vientiane, where presumably his activities will come under closer supervision of the general staff.

There are indications, however, that Ma may be having second thoughts. He has so far refused to assume his duties in Vientiane, preferring to hole up at the headquarters of another officer near Savannakhet. Vague rumors that these two are planning a move on government forces in Savannakhet have alternated with Ma's threat to resign. Although some plot might be under consideration, it has little chance of success in view of recent revelations that members of Ma's air force staff have been dissatisfied with his performance.

If the current face-saving formula is implemented, it may hold the contending factions in check for the immediate future, but the attempt to undercut Ma may impair the effectiveness of the air force at least over the short term. In addition, the general staff's heavy-handed tactics will almost certainly rouse the long-standing animosities and apprehensions of other field commanders. Efforts now are being made to defuze the situation by arranging overseas trips for key personalities.

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Meanwhile, the military situation in the countryside continues to be generally quiet. In the north, the Communists' long-standing campaign to clear government guerrillas from the Samneua area received a major setback when government forces recaptured Muong Hiem on 13 May. North Vietnamese troops had sustained heavy

losses in taking the Muong Hiem airstrip in mid-March. In southern Laos, no new Communist activity has been reported south of Attapeu where Communist troops mounted sharp attacks in early May in an apparent effort to drive government troops from strategic positions along the Se Kong River.

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WAR EFFORT DISTORTS NORTH VIETNAM'S ECONOMIC PLANNING

A report made by North Vietnam's State Planning Commission on 27 April gives some measure of the distortions that the war has forced on the country's economic planning. Most plan adjustments have aimed at building up transport and local industry, which Hanoi considers of primary importance for the war effort.

According to the report, by Commission Chairman Nguyen Con to the National Assembly, the war made it necessary to revise the 1965 plan and has been a major factor in determining the priorities for the 1966-67 plan just adopted. Food production in 1965 was reportedly maintained at the 1964 level while industrial production increased 8.4

percent. These claims are modest compared with the claims for 1964 of a 6.7-percent increase over 1963 in food and a 10.7-percent increase in industrial production. Of the 1961-65 plan, Nguyen Con said only that unspecified main targets were met.

Some of the readjustments made in the 1965 plan were apparently reflected in the claimed increase of 28.5 percent in capital construction investment over 1964. There appears to be little doubt that a large part of the increase went to building and repairing transport routes, which absorbed an estimated 200,000 new full-time workers and probably the greater portion of the 80,000 technicians said to have been trained in 1965.

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Premier Pham Van Dong had earlier stated that capital construction investment in 1966 will increase a third over 1965 and that one primary aim will be further improvement of the transport system to meet war needs. Nguyen Con said that inland waterways will be especially emphasized.

Some of the 1965 increase in investment appears also to have gone to expand local industries, which could enhance self-sufficiency in areas that might be isolated by US attacks on the transportation network. Nguyen Con reported that capital investment for this purpose will double

in 1966 over 1965. More funds for the generally primitive small industries with which North Vietnam is already well endowed may imply a reduction in funds for modern industry.

In agriculture, the loss of some laborers to the military and to road construction and the disruptions to work routines have compounded the usual problems of poor management and inefficiency. By late 1965, official statements were complaining that the rice crop was suffering from a shortfall in planted acreage and inadequate attention.

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Europe

NATO DEVELOPMENTS

The report of the working group set up by France's 14 allies to study relocation of French-based NATO installations has been accepted by their permanent representatives in the North Atlantic Council, and Secretary General Brosio is authorized to sound out prospective host countries. The report recommends asking Belgium to take SHAPE and Germany or the Netherlands to take the Headquarters, Allied Forces Central Europe (AFCENT). Luxembourg, Italy, Denmark, and the Netherlands will all be asked if they would accept the NATO Defense College.

All but Denmark are willing to consider accepting the installations proposed. However, the Netherlands would want AFCENT near its frontier with Germany and Belgium so some personnel could be housed in those countries. Luxembourg would take only one small installation such as the Defense College. The move of NATO installations to these countries would be contingent on parliamentary approval and, in the Benelux countries, on the careful preparation of public opinion. A request from the US to locate major American installations in these countries would affect any final decisions.

The more controversial question of whether to move the North Atlantic Council and its supporting elements, which De Gaulle has said could remain in Paris, was not considered in the working group's report. This question has been left for future decision by the foreign ministers.

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EEC COUNCIL MAKES SIGNIFICANT PROGRESS

The EEC Council, at its meeting last week, appears to have resumed progress toward completion of the Common Market. The Council agreed on a policy for financing community agriculture, the issue over which France chose to walk out of Common Market agencies last July. The agreement still has to be drafted in the form of an actual regulation, however, and final approval will be linked with other complex issues.

The Council's decisions call for freeing internal movement of agricultural goods by stages between November 1966 and July 1968. As regulations for individual products become effective, financing of marketing and of surplus disposal will be taken over by the community fund. As of 1 July 1968--18 months earlier than foreseen in the Rome Treaty, but a year later than had been hoped for before last year's EEC crisis--internal EEC tariffs on industrial goods will have been eliminated, and the community's common external tariff will be in effect. In addition, the Council agreed that steps should be taken to implement treaty provisions for making customs receipts community property after 1969--an important issue in last year's crisis. A previous provisional agreement that decisions on tax harmonization among the Six would be taken by 31 January 1967 was confirmed, and the Council agreed that certain social policy measures

would be decided by the same date.

The Council took no specific decisions on the Kennedy Round, but early meetings are scheduled to work out community positions on both the agricultural and industrial sides of the trade and tariff negotiations. There remain differences among the Six, however, over an EEC policy for a world-wide grains agreement, and negotiations on the marketing and price agreements for several agricultural products are likely to be difficult. The Germans and the Dutch maintain that last week's agreements affecting internal EEC policy are conditional on progress in EEC preparations for the Kennedy Round, a position which the French are said to "understand." As a result, community pessimism about French intentions toward the Kennedy Round has been somewhat tempered. Even after the Kennedy Round bargaining has begun in earnest, however, there will remain plenty of opportunities for French "sabotage."

The precise relationship between progress in the EEC and the crisis in NATO is unclear, but it is apparent that the Six--and France and Germany in particular--are trying to prevent their differences on NATO from adversely affecting the Common Market.

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SOVIET "BLUE BELT OF DEFENSE"

Initial explanations by Soviet officers of Defense Minister Malinovsky's reference in his party congress speech to the "Blue Belt of Defense" suggest that the phrase includes a combination of defensive systems, possibly under one command.

An officer of the Ministry of Defense told the US Army attaché in Moscow that the "Blue Belt" is a complex of four elements--air defense missiles, aircraft, submarines, and the antimissile system. The antimissile system was described as "in the process of being deployed." A Soviet admiral described the "Blue Belt" similarly as an "entire complex of several defensive systems which includes submarines, aircraft, and missiles."

Whether the "Blue Belt" is merely a new collective term for major defensive forces or a "complex" or combination of forces constituting a major organizational change in the armed forces is not evident. It is possible that a single defense command has been created over the forces concerned.

This possibility is supported by such tenuous evidence as the apparent downgrading of Air Marshal Sudets, commander in chief of Soviet air defense forces, and his deputy. The officers were absent from the group of comparable military leaders viewing the May Day parade. Both had been removed from their candidate membership in the party central committee during the party congress in April.

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Middle East - Africa

PRESSURE INCREASE FOR INDIAN NUCLEAR WEAPONS PROGRAM

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Communist China's third nuclear test has greatly intensified pressures on the Indian Government to move rapidly toward the detonation of its own atomic device. Thus far New Dehli has held firmly to its previous stand that Indian nuclear research will be directed solely toward peaceful applications. Government spokesmen assured critics that the matter is under constant review, however.

The most notable shift in sentiment was among Congress Party members of Parliament. At a special meeting of the ruling party's 30-member Executive Committee of its parliamentary group, nine spoke out in favor of building the bomb and two called more vaguely for a re-examination of government policy.

Most Indian papers also favor a new look at the country's nuclear posture, but there is little agreement on the next step.

[redacted] greater awareness of fiscal realities will help curb the pressure for an Indian bomb generated by the recent and future Chinese blasts, but a successful ballistic missile test by the Chinese would drive New Dehli to nuclear testing.

The lack of cost consciousness is in part a legacy of the late chairman of the Indian Atomic Energy Commission, Dr. Bhabha, who publicly minimized the outlay required for a test. Some test proponents deny they are seeking a weapons system, arguing that only a single explosion is needed to demonstrate India's nuclear potential.

The adjournment of Parliament earlier this week may ease pressures somewhat by depriving bomb proponents of that forum until mid-August. Meanwhile New Delhi will probably continue --without real hope of success-- its efforts to promote world nuclear disarmament, or to arrange for guaranteed multilateral protection of nonnuclear nations.

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EAST PAKISTANIS AGITATE FOR AUTONOMY

The Pakistani Government has recently taken new repressive measures against opposition leaders in East Pakistan who have been advocating greater autonomy for the eastern province. So far provincial officials in Dacca have handled the arrests and the subsequent protest demonstrations with apparent ease.

The recent campaign for greater autonomy is a direct outgrowth of the Indo-Pakistani war of last fall. At that time many East Pakistanis concluded that the Ayub regime, having concentrated its military might in West Pakistan, had left East Pakistan virtually defenseless. Basic antagonisms between the peoples of the two wings of the country date back at least to independence, however. East Pakistanis widely believe that the national leadership in West Pakistan has been unfair in allocating economic development funds.

Last winter Sheik Mujibur Rahman, president of the opposition East Pakistan Awami League (EPAL), took advantage of growing dissatisfaction by proposing

a Pakistan federation consisting of two fully autonomous regions with the central government having power only over defense, foreign policy, and currency. Popular reaction was so favorable that leaders of other opposition parties in the east sought to associate themselves with the demand.

Government reaction developed slowly, but in late April, Sheik Mujib was arrested on three separate occasions and held for brief periods. On 9 May he and several other leaders of the EPAL were arrested and placed in solitary confinement. EPAL-sponsored protest demonstrations attained impressive size, but the mood of the participants was largely apathetic.

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KOSYGIN'S VISIT TO EGYPT

Kosygin's 10-18 May visit to Egypt--the showcase of Soviet aid in the Middle East--appears to have been primarily a goodwill mission aimed at publicizing the benefits of cooperation with the USSR. He used the opportunity to attack US policies in Vietnam, but Middle East politics undoubtedly dominated his discussions with Nasir.

Soviet officials probably went to some lengths to convince the Egyptian leader that his country remains the keystone of Soviet policies in the Middle East and that its interests will not be ignored in Moscow's current moves to expand Soviet influence in the area--particularly in countries long at odds with Nasir. For more than a year Moscow has been exploiting Iran's and Turkey's growing disenchantment with the West. Recently the Russians have given support to the "progressive," although very shaky, new regime in Syria.

In his address to Egypt's National Assembly, Kosygin said that Moscow's recent policies are compatible with Egyptian interests and that this similarity of purpose would serve to

strengthen and unify the "progressive" forces in the Middle East. He appealed for unity among the "progressive" Arab states--those in which the USSR has a considerable economic and military stake. Such statements reflect the USSR's awareness that Arab political rivalries--in which Nasir's aspirations to leadership of the Arab world play no small part--often handicap Moscow's bid for greater influence.

Nasir is probably satisfied with Kosygin's expression of support for Cairo's search for a settlement of the Yemeni question, and concern over Israel's potential nuclear capability.

Nasir's outbursts against the US during Kosygin's visit represented more than a reaction to an erroneous American press report that the US will not renew the PL-480 Agreement. Nasir has become increasingly angered by what he feels is US unwillingness to put pressure on Saudi King Faysal to secure a settlement in Yemen and on Israel to prevent it from building its own atom bomb.

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MORE SOVIET MILITARY AID TO THE MIDDLE EAST

The USSR current efforts to strengthen its position in the Middle East--most forcefully demonstrated by Kosygin's visit to Egypt--has also included new military aid commitments. The Soviets recently signed their fifth arms agreement with Iraq and arrangements for another such pact with Syria appear to be under way.

The agreement with Iraq was signed on 5 May despite Moscow's past reluctance to identify itself closely with the unstable and narrowly based government in Baghdad. The agreement may cover as much as \$112 million worth of materiel probably including jet aircraft, tanks, antiaircraft guns, and naval equipment.

An Iraqi military delegation, after leaving Moscow earlier this month, went to

Prague, and some members of the delegation are scheduled to stop in London and West Germany before returning home. They may be shopping for military equipment not available from the USSR.

A new USSR-Syrian arms agreement is also expected to materialize shortly. In April, a Soviet military delegation arrived in Damascus and a Syrian delegation which included Syria's minister of defense left for Moscow. Shipment schedules presumably were worked out for equipment remaining to be delivered under existing agreements--for MIG-21s, Komar guided-missile boats, and ground forces equipment.

In 1965 there were no known major arms deliveries to Syria but at least six Soviet freighters have arrived in Latakia this year with military equipment. Deliveries are believed to consist mainly of spare parts, ammunition, vehicles, and possibly some MIG-21s.

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REPERCUSSIONS OF ALGERIAN MINE NATIONALIZATION

The nationalization of the 11 principal mining properties in Algeria has complicated the country's economic negotiations with France and caused a deterioration in its touchy relations with Morocco.

This move, announced by Col. Boumediene on 7 May, was apparently an attempt to appease labor and the left-wing faction in his government. Labor, which never wholeheartedly endorsed the ouster of Ben Bella last June and has been critical of Boumediene's slowness to nationalize basic industries, advocates worker ownership and management of business enterprises. Other left-wing elements have charged the new government with reversing the trend toward socialism.

Boumediene's announcement included the promise of compensation for mine owners. This should ease the fears of rightists who allege that much-needed foreign capital would be discouraged by nationalization.

Paris had been informed last month of the intention to take over the mines, and for the most part French official re-

sponses seem designed to avert a crisis. However, the formal French protest note was couched in harsh terms which the French ambassador in Algiers considered excessive. In any event, the action adds a new impediment to the two governments' complicated economic negotiations. These cover all aspects of financial claims, control of Algerian immigrants, French purchases of Algerian wine, and the allocation of already committed French aid --amounting to \$80 million for 1966 alone. The negotiations had already been disrupted when the Algerian foreign minister abruptly left Paris on 29 April.

The mine nationalization may sour the already troubled relations with Morocco. The Moroccan Government has protested the nationalization of a mine near Tindouf in the disputed border area. It sent former foreign minister Benhima to Algiers to remonstrate with Boumediene on this matter as well as to inquire about compensation for the 60-percent Moroccan interest in another mining enterprise. The Algerians are unlikely to be responsive to Benhima, whom they regard as the architect of a US-Moroccan-Tunisian axis.

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CONGOLESE-BELGIAN RELATIONS DETERIORATE

Relations between Belgium and the Congo are going through a difficult period as the Congolese call into question Belgium's whole position in the Congo.

At the root of the difficulty is the extreme sensitivity of the Congolese to any indication that they are not masters in their own country. When these feelings arise, Belgium usually bears the brunt of any attack by virtue of its continued dominant economic role in the Congo. Unsympathetic handling of Congolese sensibilities by Belgian officials and private interests contributes to the tensions.

This time the aggrieved individual is President Mobutu, who heretofore has been exceptionally close to the Belgians. Mobutu's unhappiness has crystallized around two issues: a belief that ex-Premier Tshombé is continuing to plot against the Leopoldville regime from his Brussels haven, and pique at the tendency of the Union Minière mining concern to operate virtually as a sovereign power.

Mobutu is trying--with little prospect of success--to get the Brussels government to keep Tshombé out of Belgium. He has also imposed a new copper export tax to drain off some of the profits from Union Minière's recent price increase. He has gone far beyond these isolated

issues, however, and has sent Premier Mulamba and a large delegation to Brussels to reopen the intricate problem created by the interlocked Congolese-Belgian public and private debt servicing and investment structure.

This enormously complex issue dates back to preindependence days. It includes everything from debt guarantees and control of the stock of companies operating in the Congo, to the location of the Congolese national park system's head offices. It was the subject of an agreement between Belgium and the Congo when Tshombé was premier.

The delegation nevertheless apparently intends to press for the wholesale transfer of disputed assets to Leopoldville's control and for Belgian assumption of the liabilities.

Given the Congolese touchiness and the vulnerability to harassment of the 35,000 Belgians and the extensive Belgian investment in the Congo, the negotiations promise to be difficult. Belgium appears to be hoping that Mulamba will be more receptive to argument than Mobutu is at the moment, and that Mobutu himself will cool down and recognize the mutual dependence of the two countries.

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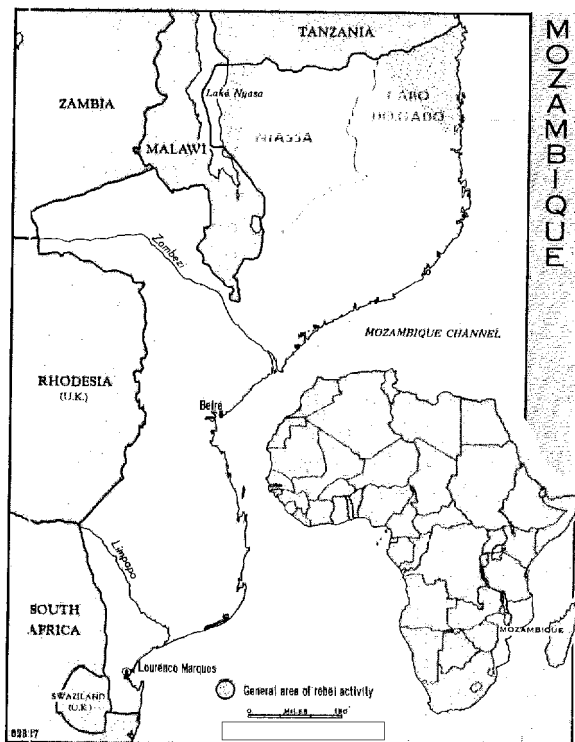
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PORTUGAL STRENGTHENS FORCES IN MOZAMBIQUE

The Portuguese are expanding their defenses in Mozambique. In recent weeks some 4,000 additional troops have arrived to augment a force of about 30,000. Lisbon apparently is preparing to deal with two possible developments: increased insurgency by guerrilla bands in the north and a British or international invasion of Rhodesia via Mozambique.

The insurgent threat is the more credible. The Mozambique Liberation Front (Frelimo), responsible for all significant guerrilla activity to date, probably has at least 2,000-3,000 men with some military training in northern Mozambique and at bases in Tanzania. Frelimo forces are continually bolstered by new trainees from the camps in Tanzania and, to a small degree, from advanced instruction abroad. With improved organization and tactics, Frelimo seems to be killing increasing numbers of government troops.

Portuguese fears notwithstanding, there is little likelihood that Frelimo will soon be able to change the very limited character of the insurgency. Frelimo avoids pitched battles and has been unable to extend



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any authority beyond the sparsely populated and economically unimportant north. Much of the two northernmost provinces has become essentially a no-man's-land.

The second stimulus to the Portuguese build-up was last month's UN Security Council resolution endorsing Britain's enforcement of sanctions against Rhodesia. As a result, ebbing Anglo-Portuguese relations plummeted.

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Western Hemisphere

BRITISH GUIANA (GUYANA) TO RECEIVE INDEPENDENCE ON 26 MAY

British Guiana will become the independent state of Guyana and a member of the British Commonwealth on 26 May. The coalition government of Prime Minister Forbes Burnham's People's National Congress (PNC) and Finance Minister Peter D'Aguiar's United Force (UF) has managed, despite internal tensions and a strong, Marxist-led opposition, to bring the country relative stability. However, the nominally socialistic PNC

is often at odds with its highly conservative junior coalition partner.

After 26 May the coalition leaders may well have their long-awaited falling out. The incentive to bring off a smooth transition to independence has led Burnham heretofore to compromise his disagreements with D'Aguiar in order to keep him and his party in the government, but there have been recent indications

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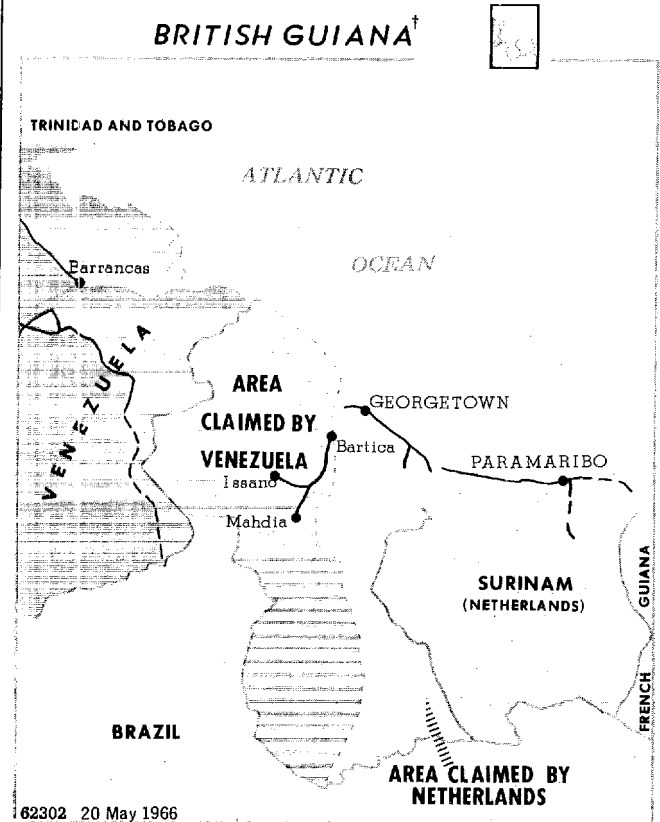
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that Burnham will not continue to be so conciliatory. He has been courting dissatisfied members of the opposition as well as potential UF dissidents in hopes of pulling together a vote of confidence should D'Aguiar himself leave the government. Burnham's maneuvering, plus the realization that the only alternative to his government is one led by pro-Communist opposition leader Cheddi Jagan, will probably encourage most UF legislators to remain with Burnham in case of a showdown.

The political situation is complicated by the deep-seated racial antagonism between the two largest racial groups--the East Indians, who comprise 50 percent of the population and largely support Jagan's People's Progressive Party (PPP), and the Negroes who make up 44 percent of the population and back Burnham for the most part. The numerical superiority of the East Indian population, which is growing more rapidly than the Negro, would have allowed Jagan to win the election in 1964 had not the British changed the electoral system to proportional representation in October 1963. Although Jagan received a plurality, Burnham, by joining the PNC in a coalition with the UF, was able to form a government which commanded a majority of the legislature.

The unsettled conditions likely to accompany a shake-up in the government would tempt the

PPP to use violence to bring it down. Jagan, however, is probably aware of Burnham's plan to arrest him at the first sign of trouble and would be reluctant to give full support to a hasty overthrow attempt. Although the frustration of being out of office could prompt him to act rashly, he will probably wait until he has weighed his prospects for returning to power peacefully via honest elections --now scheduled for 1968--before taking any drastic action.



† Becomes independent country of GUYANA 26 May 1966

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Guyana also faces many of the economic problems of an underdeveloped country. Unemployment is high (approximately 21 percent) and the country is overly dependent on a few exports--bauxite, sugar, and rice. Guyana will need heavy foreign investment if economic development, even on a modest scale, is to be achieved.

The country will inherit border disputes with Surinam and Venezuela, the latter involving a claim on five eighths of the national territory (see map). Although both disputes are likely to be settled peacefully they will continue to provide the PPP with a ready-made issue on which to attack the government.

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THREATENED RETURN OF EX-PRESIDENT VELASCO UNSETTLES ECUADOR

The threatened return from exile next week of four-time President Jose Maria Velasco Ibarra has further unsettled Ecuadorean politics and could lead to the fall of Clemente Yerovi's weak caretaker regime. Velasco plans to return to Ecuador for a national convention of his followers on 28 May. He was scheduled to leave his Buenos Aires exile on 19 May for Lima en route.

The 73-year-old Velasco, a seasoned, charismatic demagogue, has the ability to enflame the multitudes and create conditions for an early attempt to seize power again. Yerovi, who has often indicated that he will resign if faced with serious opposition, might simply leave office if challenged by Velasco and the street throngs. There is no other political figure who could thwart Velasco. The gravity of the fiscal crisis and Yerovi's inability to cope with it have further reduced the interim President's will.

The armed forces, faced with reductions in their budget and unable to fund a full-strength establishment, have released draftees and will not call up replacements. This will leave many units at half strength.

Velasco has used Communists in the past, but it is possible that this time the extremists would use him to acquire pre-dominance in the government. Yerovi's permissiveness has given Communists free rein to increase propaganda and organizational activities, and they would be in an improved position to exploit any opportunities. Only the student groups, even though extremist led, seem inclined to resist Velasco, who oppressed them in the past.

A take-over by Velasco would be extremely inimical to US interests. No friend of the US, he might restore relations with the Communist bloc and embark upon a neutralist foreign policy. He has often fanned the country's boundary dispute with Peru as a foreign diversion for the nationalism of the masses, and might do so again.

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THE DOMINICAN ELECTION CAMPAIGN

Provisional President Garcia Godoy announced on 18 May that he was taking additional measures to ensure a proper climate for the Dominican Republic's 1 June presidential election. He acted in response to a threat by Juan Bosch the day before to pull out of the race because of an alleged "uncontrollable wave of terror" directed against his partisans by military and civilian opponents. Immediately after the President's announcement, according to press reports, the Executive Committee of Bosch's Dominican Revolutionary Party (PRD) withdrew the threat to boycott the race.

Garcia Godoy, who labeled many of Bosch's charges "inexact," said that military forces would be confined to quarters during the remainder of the campaign so as to preclude allegations of their involvement in political persecution. He also announced the formation of a national commission composed of representatives of major candidates to investigate future charges of political terrorism.

In his 17 May statement Bosch had given the government 48 hours to "guarantee" that the military stop interfering with his campaign. He did not, however, specify what steps Garcia Godoy could take to keep him in the race.

Most observers feel Bosch's charges of systematic intimidation are without foundation, despite sporadic skirmishes that have occurred between his followers and those of his opponent, Joaquin Balaguer, whom the military clearly favor. The US Embassy feels that the

over-all climate for holding elections on 1 June is good and notes that Bosch backers themselves have precipitated many of the isolated acts of violence. Some PRD leaders have minimized the importance of the incidents Bosch cited in his speech.

Bosch, who is in self-imposed imprisonment, probably interprets the violence that has occurred as directed at his candidacy. He apparently has decided to picture the country as swept by terror in order to cover up his own refusal to go out and campaign. He probably also hopes to monopolize the political limelight at a time when some observers feel there is an upsurge of support for Balaguer. Bosch successfully used the same tactic of threatening a withdrawal during his 1962 campaign. He may continue to allege violence despite Garcia Godoy's action in order to set the stage for a last-minute withdrawal or an attempt to postpone the balloting should he become convinced he cannot win.

Bosch's tactics may have cost him support within the PRD. Two important party officials told the US Embassy they thought he had gone too far. In addition, Bosch's ploy may have enhanced Balaguer's image as the candidate of moderation and stability.

If Bosch loses the election, his present tactics may result in the refusal of many of his partisans to accept what they can claim to be fraudulent results.

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